

MINUTES

ANNUAL MEETING - Board of Commissioners - Session 304

Virginia Port Authority

World Trade Center

Norfolk, Virginia

July 25, 2006 – 11:00 a.m.

Pursuant to call by Chairman Milliken, the Board of Commissioners held its annual meeting this date at 11:00 a.m., in the Authority's Conference Room A, World Trade Center, Norfolk, Virginia.

The following attended:

Commissioners:

John G. Milliken, Chairman

Robert C. Barclay, IV

Mark B. Goodwin

William M. Grace

Virginia M. Murphy

Michael J. Quillen

Ranjit K. Sen

Deborah K. Stearns

J. Braxton Powell, State Treasurer

Staff:

J. Robert Bray, Executive Director

J. J. Keever, Deputy Executive Director

Thomas Capozzi, Senior Managing Director of Marketing Services

Linda G. Ford, Director of Port Promotion

Rodney W. Oliver, Director of Finance

Jeffrey A. Florin, Chief Engineer

Elaine Smith, Director, Department of Human Resources

Norris (Ed) Merkle, Director of Security

Russell J. Held, Managing Director of Marketing, Southeast, U.S. and Europe

Michael W. Jones, National Accounts Manager

Russell W. Young, Director of Economic Development

David M. James, Director of Contracts and Real Estate

Heather Mantz, Director of Environmental Affairs

Carla Welsh, Program Manager-Port Promotion

Joe Harris, Program Manager-Media Relations

Diane Kaufman, Community Relations Coordinator

Diane Reed, Controller

Lynward W. Wingfield, Police Captain

Michael L. Brewer, Police Captain

William H. Revell, Jr., Police Lieutenant

Staff (Continued):

Armando N. Ward, Police Lieutenant
Benjamin R. Inman, Sergeant, Administration
Jo-Ann Fitzgerald, Senior Administrative Assistant to Police Chief
Sharon R. Rogers, Administrative Assistant
Rebecca Killen, Administrative Asst. Senior
Jodie Love, Administrative Asst. Senior
Jodie L. Asbell, Deputy Clerk to the Board
Debra J. McNulty, Clerk to the Board

Guests:

James W. Hopper, Senior Asst. Attorney General
John W. Blanton, Intern, Office of the Attorney General
Timothy C. McNamara, Boyden Global Executive Search
Neil Morgan, Assistant City Manager, City of Newport News
Kenneth Jones, Chief, Newport News Fire Department
Robert Lee, Captain, Newport News Fire Department
Lloyd M. Richardson, McGuireWoods LLP
JoAnne Carter, Public Financial Management, Inc.
Ira Smelkinson, Morgan Stanley
John M. Ryan, Vandeventer Black, LLP and VIT Corporate Counsel
Michael T. Crist, Moffatt & Nichol Engineers
Joseph A. Dorto, VIT
Richard N. Knapp, VIT
W. Millard Meiggs, VIT

INTRODUCTIONS

Ms. Ford introduced guests in attendance. Mr. Gregory Richards, *The Virginian-Pilot*, was the only member of the press in attendance.

I.

ELECTION OF OFFICERS

Report of the Nominating Committee and election of officers for the year July 1, 2006 through June 30, 2007.

Nominating Committee

Ranjit K. Sen, Chair
Robert C. Barclay, IV
Virginia M. Murphy

Under the Bylaws (Article III, page 2) the Board elects a Chairman and a Vice Chairman and may elect from its membership or appoint from the staff a Secretary and Treasurer. The practice of the Board has been to elect its Chairman and Vice Chairman and to appoint from the staff its Treasurer, its Secretary/Clerk and its Assistant Secretary/Deputy Clerk.

Officers for the year ending **June 30, 2006** were:

Chairman	John G. Milliken
Vice Chairman	E. Massie Valentine, Jr.
Treasurer	Rodney W. Oliver
Secretary and Clerk	Debra J. McNulty
Assistant Secretary and Deputy Clerk	Jodie L. Asbell

Mr. Sen reported that the Nominating Committee met at 9:00 a.m. this morning and unanimously approved the reappointments of Chairman Milliken, Mr. Oliver, Ms. McNulty, and Ms. Asbell. He announced that the Nominating Committee unanimously approved the recommendation of Mr. Barclay as Vice Chairman, succeeding Mr. Valentine whose term ended.

Action: Upon motion made by Mr. Sen, seconded by Ms. Murphy, and adopted by affirmative vote (9-0) the Board closed the floor for nominations and elected the following officers for the year ending **June 30, 2007**:

Chairman	-	John G. Milliken
Vice Chairman	-	Robert C. Barclay, IV
Treasurer	-	Rodney W. Oliver
Secretary and Clerk	-	Debra J. McNulty
Assistant Secretary and Deputy Clerk	-	Jodie L. Asbell

II. APPOINTMENTS TO STANDING COMMITTEES

Chairman Milliken announced that he would be contacting the members of the board individually to determine preferences for committee assignments. The Chairman advised that final committee assignments would be announced at the September 26, 2006 meeting.

The Chairman also announced that Commissioner Johnny Johnson tendered his resignation from the Board due to health issues. He advised that the VPA is awaiting a new appointment by the Governor to replace Mr. Johnson. The Chairman encouraged members of the Board to contact him regarding committee assignments.

Committee assignments to date. are as follows:

Executive Committee

John G. Milliken, Chairman
Robert C. Barclay, IV, Vice Chairman
Mark B. Goodwin
William M. Grace
Ranjit K. Sen
Deborah K. Stearns

Finance/Planning Committee

Mark B. Goodwin, Chairman
Robert C. Barclay, IV, Vice Chairman
Joe B. Fleming
Michael J. Quillen
J. Braxton Powell, State Treasurer

Facilities Committee

Ranjit K. Sen, Chairman
Virginia M. Murphy, Vice Chairwoman
William M. Grace
Deborah K. Stearns
J. Braxton Powell

Marketing Committee

Deborah K. Stearns, Chairwoman
Michael J. Quillen, Vice Chairman
Robert C. Barclay, IV
Joe B. Fleming
(Seat vacated by Commissioner Johnson)

Security Committee

William M. Grace, Chairman
Mark B. Goodwin, Vice Chairman
Virginia M. Murphy
Ranjit K. Sen
(Seat vacated by Commissioner Johnson)

NOTE: Under the Bylaws (Article XII), the Chairman and Vice Chairman of the Board are ex-officio members of all committees of which they are not a regular member.

III.

OTHER BUSINESS

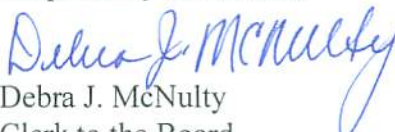
There was no other business to report.

IV.

ADJOURNMENT

There being no further business, the annual meeting adjourned at 11:10 a.m.

Respectfully submitted,


Debra J. McNulty
Clerk to the Board

MINUTES

Board of Commissioners - Session 305

Virginia Port Authority

World Trade Center

Norfolk, Virginia

July 25, 2006 (Held immediately after Annual Meeting)

Pursuant to call by Chairman Milliken, the Board of Commissioners held its regular meeting this date at 11:10 a.m., in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia.

The following attended:

Commissioners:

John G. Milliken, Chairman

Robert C. Barclay, IV

Mark B. Goodwin

William M. Grace

Virginia M. Murphy

Michael J. Quillen

Ranjit K. Sen

Deborah K. Stearns

J. Braxton Powell, State Treasurer

Staff:

J. Robert Bray, Executive Director

J. J. Keever, Deputy Executive Director

Thomas Capozzi, Senior Managing Director of Marketing Services

Linda G. Ford, Director of Port Promotion

Rodney W. Oliver, Director of Finance

Jeffrey A. Florin, Chief Engineer

Elaine Smith, Director, Department of Human Resources

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Russell J. Held, Managing Director of Marketing, Southeast, U.S. and Europe

Michael W. Jones, National Accounts Manager

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Joe Harris, Program Manager-Media Relations

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William H. Revell, Jr., Police Lieutenant

Armando N. Ward, Police Lieutenant

Benjamin R. Inman, Sergeant, Administration

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Staff (Continued):

Jo-Ann Fitzgerald, Senior Administrative Assistant to Police Chief
Sharon R. Rogers, Administrative Assistant
Rebecca Killen, Administrative Asst. Senior
Jodie Love, Administrative Asst. Senior
Jodie L. Asbell, Deputy Clerk to the Board
Debra J. McNulty, Clerk to the Board

Guests:

James W. Hopper, Senior Asst. Attorney General
John W. Blanton, Intern, Office of the Attorney General
Timothy C. McNamara, Boyden Global Executive Search
Neil Morgan, Assistant City Manager, City of Newport News
Kenneth Jones, Chief, Newport News Fire Department
Robert Lee, Captain, Newport News Fire Department
Lloyd M. Richardson, McGuireWoods LLP
JoAnne Carter, Public Financial Management, Inc.
Ira Smelkinson, Morgan Stanley
John M. Ryan, Vandeventer Black, LLP and VIT Corporate Counsel
Michael T. Crist, Moffatt & Nichol Engineers
Joseph A. Dorto, VIT
Richard N. Knapp, VIT
W. Millard Meiggs, VIT

I. APPROVAL OF MINUTES

Action: Upon motion made by Chairman Milliken, duly seconded by Mr. Sen. and adopted by unanimous vote (9-0), the Board approved the minutes of the regular meeting held May 23, 2006.

Chairman Milliken presented a Resolution on the Services of former VIT Director Richard (Tommy) Belangia. Mr. Belangia resigned from the VIT Board effective June 30, 2006.

Action: Upon motion made by Mr. Sen, duly seconded by Mr. Grace, and adopted by unanimous vote (9-0), the Board approved the Resolution on the Services of Mr. Belangia.

II. REPORTS OF COMMITTEES

A. Executive Committee

1. Presentation of the W. Wright Harrison Award

Chairman Milliken explained that the W. Wright Harrison Award is presented each year for distinguished and exemplary service to the Port Authority. The Chairman announced VPA Port Police Captain, Lynward W. Wingfield, as this year's recipient of the W. Wright Harrison Award. Chairman Milliken spoke of Captain Wingfield's accomplishments during his 16-year tenure with the VPA Police Department. The Chairman also commended Captain Wingfield for his volunteer work as a Court Appointed Special Advocate for the Portsmouth Juvenile Court and mentoring at-risk youth.

Chairman Milliken stated that, "The success of this Port is attributed to individuals like Captain Wingfield."

2. Consideration of a motion to approve the award of a contract to an executive recruitment firm for the selection of a candidate for Executive Director and/or Deputy Executive Director

Chairman Milliken reported that, in preparation for Mr. Bray's retirement, the Executive Committee had tasked Mr. Bray with presenting a recommendation for an executive recruitment firm to the full Board.

Mr. Bray announced that a three-member VPA selection committee included Rodney Oliver (chair), Director of Finance; David James, Director of Contracts and Real Estate; and Elaine Smith, Director of Human Resources. He advised that the committee solicited the four executive recruitment firms that were identified by the Executive Committee and that two firms were short-listed for interviews, which concluded on July 19, 2006. Mr. Bray announced that, as a result of the interviews, the selection panel chose Boyden Global Executive Search as a recommendation to the Board for the contract award. Mr. Bray explained that Boyden is to submit five to six names of candidates to the Executive Committee by September 11, 2006 and that the Committee should be prepared to conduct personal interviews with the Executive Director candidates between September 11 and 22 so a recommendation can be made to the full Board at its September 26th meeting.

Mr. Bray introduced Mr. Timothy C. McNamara, Boyden's Managing Director. Mr. McNamara confirmed that he can meet the schedule.

Mr. Grace asked for clarification regarding the timing of interviews for Executive Director and Deputy Executive Director and the fees involved.

Mr. Oliver advised that Boyden will identify a possible list of candidates for the Deputy Executive Director position from the Executive Director candidates.

Mr. James explained that two separate searches could be conducted and there would be separate fees for each. He advised that, once an Executive Director candidate is identified, it is anticipated that candidates who interviewed for the top position may not want the Deputy position. Mr. James explained that a separate search would be conducted for Deputy Executive Director, depending on the outcome of the Executive Director search.

Action: Upon motion made by Chairman Milliken, on behalf of the Executive Committee, duly seconded by Mr. Grace, and adopted by unanimous vote (9-0), the Board approved the award of a contract to the firm of Boyden Global Executive Search to conduct an executive recruitment search for the selection of a candidate for Executive Director and/or Deputy Executive Director.

Mr. McNamara thanked the VPA Board for selecting his firm to conduct the search for a new Executive Director. The Chairman asked members of the Executive Committee to meet with him after adjournment in order to schedule a meeting with Mr. McNamara.

B. Nominating Committee for Selection of a VIT Director

1. Consideration of Resolution 06-7, for an appointment to the VIT Board of Directors to serve an unexpired term effective July 1, 2006 and ending November 30, 2009.

Mr. Fleming, the Committee Chair, reported that the Nominating Committee met this morning and unanimously recommended Mr. G. Robert (Bob) Aston, Jr., Chairman of the Board and Chief Executive Officer of TowneBank, for appointment to the VIT Board. Mr. Aston would succeed former VIT Director Richard Belangia.

Action: Upon motion made by Mr. Fleming, duly seconded by Mr. Barclay, and adopted by unanimous vote (9-0), the Board approved the appointment of Mr. G. Robert Aston, Jr., to the VIT Board, to serve an unexpired term effective July 1, 2006 and ending November 30, 2009.

C. Finance/Planning Committee – Mr. Goodwin, Committee Vice Chairman

Mr. Goodwin noted that Commissioners in attendance at this time were also present at the Finance/Planning Committee meeting held earlier and had heard briefings on the proposed bond issue, revisions to the VPA travel policy, and amendment to the E.V. Williams, Inc. contract. The Board took action on the following items:

Action: Upon motion by Mr. Goodwin, duly seconded by Mr. Powell, and adopted by unanimous vote (9-0), the Board approved Resolution 06-8, Series Resolution supplementing Resolution 97-5 of the Virginia Port Authority and authorizing the issuance of up to \$90,000,000 of the Authority's Port Facilities Revenue bonds, Series 2006 and related matters.

Action: Upon motion made by Mr. Goodwin, duly seconded by Mr. Powell, and adopted by unanimous vote (9-0), the Board approved revisions to VPA Travel Policies and Procedures relating to per diem adjustments involving the cities of Chicago, Newark, New York City, and Boston.

Action: Upon motion made by Mr. Goodwin, duly seconded by Mr. Powell, and adopted by unanimous vote (9-0), the Board approved Resolution 06-10, authorizing the VPA to authorize an amendment to the E. V. Williams, Inc. contract to renovate NIT South backlands areas 12 and Capp Street.

At this time, Mr. Oliver reviewed the Authority's monthly operational revenue and expenditures for the twelve months ended June 30, 2006, year-to-date expenditures in the Capital Improvement Program, outstanding bond issues, and the VPA/VIT combined unaudited statement of revenues, expenses and changes in net assets.

Mr. Oliver reported an 11.3% increase in operating revenues that were attributed to new long-term (10-year) contracts, operating efficiencies, and a new demurrage charge implemented in CY06 for export containers stored on the terminal in excess of eight days. A similar charge for import containers began May 1, 2006. Mr. Oliver reported that the conversion of straddle-carriers and the port-wide chassis pools are driving down operating costs.

D. Facilities Committee – Mr. Sen. Committee Chairman

Mr. Florin presented the Capital Outlay Program and Facilities Maintenance Overview and provided a status report on current construction projects. He announced that all projects are on schedule and he thanked Mr. Dorto for coordinating VIT operations.

Mr. Florin announced that NIT South Phase II is ahead of schedule and that 13 of the 25 acres have been turned over to VIT for operations. He advised that the amendment to the E. V. Williams contract, approved earlier, would allow the contractor to reduce the duration of the project up to two years from the original completion date by renovating Area 12 and Capp Street concurrently while the contractor is waiting for the surcharge pile to consolidate Area 5.

The NIT North Container Yard expansion is expected to be completed in January 2007 which will provide 19 acres of container storage.

Mr. Florin described progress on the NIT North wharf extension that will utilize funds out of the upcoming \$90 million bond issue. He advised that he is working with VIT on specifications for the new cranes that will be similar to the cranes at NIT South.

Mr. Florin outlined the shuttle carrier route at NIT that involves a dedicated route for shuttle carriers connecting two transfer zones that will improve efficiency and safety. He also described each phase of the NIT Central Rail Yard that includes demolition of Warehouse #5, relocate POV parking, stevedores, and VIT administrative offices, and construction of three sets of parallel tracks that will be served by top picks/shuttle carriers. Mr. Florin announced that VPA just awarded a \$3 million contract to relocate the POV parking to the Baker Street lot to accommodate NIT Central rail yard project.

He reported that the reefer transfer zone at PMT is approximately 60% complete.

Mr. Florin advised that VPA just advertised the design-build contract for the VIT off-terminal office building that was approved at the last board meeting. He said further information on the project will be provided at the September board meeting.

Mr. Florin reported that the estimated cost for the relocation of the Commonwealth Railway Line to Route 164/I-664 median rail corridor is estimated at \$60 million and funded through grants. The design-build project was awarded to Commonwealth Railway with preliminary designs due late September 2006. The project includes removing 14 at-grade intersections in Chesapeake and Portsmouth.

*Photos and status of major projects are posted at the following web link: www.vpa-engineering.net
<<http://www.vpa-engineering.net>>*

E. Marketing Committee - Ms. Stearns, Committee Chairwoman

Mr. Capozzi presented the Port's fiscal year performance for the period July 2005–June 2006 reflecting a 7.6% increase in TEUs; 5.5% increase in ship calls; a 15.6% decrease in break-bulk; 6.7% increase in Midwest train traffic; and 11.4% increase in rail shipments through the Inland Port.

Mr. Capozzi announced that VPA projects 7% growth in TEUs for FY2007 = 2.2 million TEUs.

Mr. Capozzi reviewed new ship line services to The Port of Virginia that include India North America Express, North Europe East Coast Express, AWE-5 (K Line, Hanjin, YangMing, COSCO). and New GA/NWA (Grand Alliance/New World Alliance).

He announced that VPA and the Suez Canal Authority recently signed a Memorandum of Understanding establishing an alliance of cooperation between the two agencies.

Mr. Capozzi announced that Emirates Shipping Line, a United Arab Emirates-based company, signed a 10-year contract with the Port in June that calls for 120,000 containers in 10 years with estimated revenue of \$40 million.

F. Security Committee – Mr. Grace, Committee Chairman

Mr. Grace suggested a revision to Resolution 06-9, to include a paragraph from the briefing paper that outlined total cost and all funding sources associated with the acquisition of the fireboat for the City of Newport News. Mr. Grace recommended that the Board approve the grant request by the City of Newport News for the purchase of a fireboat and approve the resolution with the recommended change.

Action: Upon motion made by Mr. Grace, duly seconded by Mr. Sen. and adopted by unanimous vote (9-0), the Board approved Resolution 06-9, authorizing a grant to the City of Newport News for \$100,000 towards the purchase of a city fireboat. The following paragraph from the briefing paper was also included in the resolution:

“WHEREAS, the City estimates that the replacement fireboat would cost \$380,000 and they have secured a grant from the Department of Homeland Security for \$170,000 with the Newport News Fire Department contributing an additional \$110,000 from its Fire Programs grant revenue”

Mr. Neil Morgan, Newport News Assistant City Manager, thanked the Authority on behalf of the City.

Mr. Merkle announced that VPA and GE Security Inc. have partnered to provide a container facility device that can verify unauthorized opening of containers, travel history, and the location and identity of the entities that packed the container. He advised that the Port of Virginia is the first American port to get involved with CommerceGuard's Secure Cargo Corridors network – a joint venture between GE, Siemens Corporation, and Mitsubishi Corporation. Mr. Merkle described how the system works. He reported that the media will observe the operation this week.

Mr. Merkle announced that Round 6 of the Department of Homeland Security Grant program was announced on July 6 and the application deadline is August 4. Awards are expected to be announced by September 30. VPA's share of costs associated with Round 6 projects are estimated at \$4.4 million, and projects were identified as follows:

- 1a. TWIC installation at NIT and PMT
- 1b. TWIC installation at NNMT
2. Security Command Center Integration
3. Communication Enhancement
4. Offsite Parking at NIT – Pedestrian Access Control

Mr. Merkle concluded with a status report on the latest developments with the Transportation Worker Identification Credential (TWIC) program.

III. REPORT OF EXECUTIVE DIRECTOR

Mr. Bray announced that the term of VIT Director Wilson Goode expires November 30, 2006 and that it is customary for the Chairman to appoint a Nominating Committee at the September board meeting. Mr. Goode represents one of the Portsmouth/Chesapeake seats on the VIT Board.

Chairman Milliken announced that he would like to confer with members of the Executive Committee and Mr. McNamara immediately after the meeting (prior to the VPA/VIT joint closed meeting) in order to schedule several meeting dates regarding the search process for Executive Director.

IV. UNFINISHED BUSINESS

There was no unfinished business.


V. NEW BUSINESS

VI. ADJOURNMENT

There being no further business and no public comments, the open meeting adjourned at 12:10 p.m.

The next meeting of the Board of Commissioners will be held in the Authority's Conference Room A, 600 World Trade Center, Norfolk, Virginia, on Tuesday, September 26, 2006.

Respectfully submitted,


Debra J. McNulty
Clerk to the Board